



Vera Bradley

CORPORATE RESPONSIBILITY REPORT

Table of Contents

- 3. Introduction
- 4. Company History
- 5. Company Performance for Fiscal 2018
- 6. Corporate Accomplishments for Fiscal 2018
- 9. Vera Bradley's Sustainability Journey
- 10. Corporate Responsibility Stance
- 11. Human Rights, Code of Conduct, Risk Management and Good Governance
- 12. Engaging Stakeholders
- 15. Supply Chain – Core Value: Tenacity
- 16. Community Support – Core Values: Kindness & Thoughtfulness
- 17. Employee Engagement – Core Value: Empathy
- 21. Corporate Initiatives – Core Values: Ingenuity & Optimism
- 22. Forward Thinking

Introduction

Welcome to our inaugural Vera Bradley Corporate Responsibility report. While this may be our first written report on corporate and social responsibility, it certainly isn't the beginning of our corporate and social responsibility journey. In fact, this report has been decades in the making — 36 years, to be exact — since the founding of the Company in 1982. From its inception, Vera Bradley has always been focused on doing the right thing and living true to its core values. That hasn't just been how we have operated our business, but also how we see our role in the communities in which we do business and around the world. We hope you find this information to be helpful in learning how we strive to be a responsible corporate citizen for our customers, associates, shareholders, retailers, suppliers and the world in which we live.

Information about this Report

This Report was put together pursuant to models issued by companies who are part of the Sustainable Apparel Coalition, which is the apparel, footwear and textile industry's leading alliance for sustainable production and is comprised of over 200 global members across multiple sectors. You may also learn more about Vera Bradley's Ethics and Human Rights Policies, corporate governance and other practices by visiting our website, verabradley.com. There you will find several documents including our ethics policy, governance guidelines, Form 10-K and other publicly released information.

Company History

It all started with a friendship ... Barbara Bradley Baekgaard and Patricia R. Miller came upon a colorful idea while traveling together in 1982. Observing a lack of colorful feminine luggage, they decided they could do better and create their own. The next day Vera Bradley (named after Barbara's mother) was born to design a line of quilted-cotton luggage, handbags and accessories — and the rest is history! Vera Bradley has grown into an internationally-recognized lifestyle brand providing a myriad of beautiful solutions to its customers. Vera Bradley is a leading designer of women's handbags, backpacks, luggage and travel items, fashion and home accessories and unique gifts. The brand's innovative designs, iconic patterns and brilliant colors inspire and connect women unlike any other brand in the global marketplace.

Core Values, Culture, Mission, and Vision

Vera Bradley is a brand for women, by women. Since the beginning, we've been inspired by the needs and desires of real women at home and in the world. We're proud to connect them through their shared values, knowing this heartfelt connection can transform an ordinary day into an extraordinary one.

Vera Bradley's mission is to connect women through common values and a shared appreciation of meaningful beauty — beauty in sisterhood, beauty in action, beauty in color and beauty in details. We design thoughtful solutions (a balance of function and beauty) filled with special details that make women smile and make their lives easier.

Vera Bradley is guided by a set of six core values: Kindness, Ingenuity, Tenacity, Optimism, Thoughtfulness and Empathy. These values are the cornerstone for all aspects of our business. The Company was founded and built upon these values, and our associates continue to live by them every day.

Kindness — We are warm and welcoming to everyone.

Ingenuity — We develop beautiful solutions to solve real needs in women's lives.

Tenacity — We hold fast to our values and always remain authentic.

Optimism — We share positivity and encouragement wherever possible.

Thoughtfulness — We pay attention to the little things that transform ordinary into extraordinary.

Empathy — We express a deep understanding and sense of connection.

Opportunity for All

Equal opportunity for all isn't just something we believe, but something we live. In a society where the gender gap continues to be a hot topic, we are especially proud of our Company's opportunities for women. In fact, over 90% of the associates that work at Vera Bradley are women. Vera Bradley believes that equal employment opportunities should be available to all persons without regard to race, sex, sexual orientation, gender, gender identity, gender expression, marital status, age, color, religion, creed, national origin, ancestry, mental or physical disability, medical condition, genetic information, military or veteran status or any other category protected under applicable federal, state or local law. Vera Bradley puts this in practice through its hiring and training and through an annual affirmative action program.

Company Performance for Fiscal 2018

Net revenues totaled \$454.6 million for the fiscal year ended February 3, 2018 ("Fiscal 2018"), compared to \$485.9 million for the fiscal year ended January 28, 2017 ("Fiscal 2017"). For Fiscal 2018, the Company posted net income of \$7.0 million, or \$0.19 per diluted share. These results included \$14.5 million of after-tax charges comprised of:

- Store impairment charges of \$4.0 million;
- Severance charges of \$4.2 million;
- Strategic plan (Vision 20/20) consulting fees of \$2.9 million;
- A tax charge of \$2.1 million related to recent federal tax reform legislation; and
- Other charges of \$1.3 million, including inventory adjustments related to product categories being discontinued and net lease termination charges.

On a non-GAAP basis, excluding these charges, the Company's net income totaled \$21.5 million, or \$0.60 per diluted share, for Fiscal 2018.

For Fiscal 2017, the Company posted net income of \$19.8 million, or \$0.53 per diluted share. Those results included \$7.0 million of net after-tax charges comprised of store impairment charges of \$8.0 million and severance charges of \$0.6 million, partially offset by \$1.6 million release of income tax reserves. On a non-GAAP basis, excluding these net charges, the Company's net income totaled \$26.8 million, or \$0.72 per share, for the prior year.

Corporate Accomplishments for Fiscal 2018

In the Product Arena:

- We reinvigorated and reinvented cotton, which remains the most important piece of our business. Customers are responding to our newly introduced Iconic cotton collection, featuring micro-quilting, added functionality and innovation and several new updated silhouettes.
- We expanded our licensing program, which is critical to extending our brand and reaching new customers and markets, by launching technology products, swimwear, bedding, stationery, hosiery and medical uniforms. We continue to see an extremely positive response from the market in terms of placement in both existing and new distribution.

On the Distribution Front:

- We launched our new verabradley.com website. Our verabradley.com digital-first strategy is key to our long-term growth.
- In order to segregate certain clearance sales from verabradley.com, we conducted our first two Flash Sales in October and January.
- We continued to strengthen our store base by:
 - Completing design upgrades on a number of our full-line stores, with nearly 40 full-line stores now reflecting our new design aesthetic, and an additional 14 stores with updated signage/façades;
 - Opening a new full-line pop-up store in Boston's Faneuil Hall, a high-traffic tourist destination;
 - Continuing to grow our factory business by opening six new stores; and
 - Rationalizing and improving the profitability of our base by closing five underperforming full-line stores and one underperforming factory store.
- We exited our small wholesale presence in Japan so that we could focus on strengthening our core domestic operations.

In **Marketing**, we drove increased brand awareness through our digital first strategy, partnering with key influencers, leveraging social media channels and forming unique partnerships with several high-profile partners.

We continued to strengthen our **Balance Sheet** by generating over \$40 million in operating cash flow, increasing our cash and investments to nearly \$140 million and reducing our inventory levels by 14%.

Most importantly, we laid out the framework for our future with Vision 20/20, which is an aggressive plan to turn around our business and restore brand and Company health over a three-year period. Integrating our Vision 20/20 initiatives into our long-term strategic plan is expected to lay the foundation for growth, a more profitable future and continued strong cash flows.

The key focus of Vision 20/20 is moving to a significantly less clearance-driven business model combined with a meaningful reduction in SG&A expenses. To move to a significantly less clearance-driven business model, we are focusing on three key product and pricing initiatives: significantly reducing the amount of clearance merchandise offered, narrowing our current product offerings and introducing tighter assortment guardrails.

- We are significantly reducing the amount of clearance merchandise offered on verabradley.com and in our full-line stores, which is resetting our customers' pricing expectations and restoring our full-price business.
- We are focusing on our best categories and are narrowing our current product offerings by eliminating unproductive or incongruent categories and SKUs from our assortments. In Fiscal 2018, we began to narrow our product offerings and discontinued our fragrance and jewelry collections in Fiscal 2019 (fiscal year ending February 2, 2019).
- We are building tighter assortment guardrails around introducing new categories, patterns and pricing, assuring the right fit for our brand and that our products not only provide thoughtful solutions, but also reflect our signature attributes of being comfortable, casual and affordable.

These product and pricing initiatives are negatively affecting Fiscal 2019 revenues, but we believe these are the right actions to take for the future health of the business.

As we reduce revenues, we will also continue to reduce SG&A expenses. These SG&A expense reductions began in Fiscal 2018 by right-sizing our corporate and retail store infrastructure to align with the size of our business. Additional initiatives to reduce SG&A expenses include continuing to identify corporate efficiencies, reducing our marketing expenses and optimizing return on marketing spending and taking a more aggressive stance on reducing store operating expenses and closing underperforming stores. We are forecasting to close up to 45 additional full-line stores (approximately 15 per year) by the end of Fiscal 2021, primarily as leases expire. We closed five underperforming full-line stores and one underperforming factory outlet store during Fiscal 2018.

Growth Strategies

Our long-term vision is to build on the Company's rich heritage and establish Vera Bradley as a premium global lifestyle brand, expand our customer reach and grow our customer connections. Our long-term strategic plan, integrated with Vision 20/20, is centered upon the three planks of product, distribution and marketing.

We call our target aspirational customer the Day Maker. She is organized, thoughtful and, most of all, appreciates femininity and beauty — in color, print and thoughtful details. We are focused on creating thoughtful solutions for the Day Maker and believe we have a great opportunity to attract more Day Makers to our brand through our product offerings, distribution channels and marketing efforts.

Product

We have identified four key businesses where we can offer the Day Maker thoughtful solutions that we believe will propel our future growth. We are optimizing our existing core portfolio by eliminating product categories and specific SKUs that are unproductive or incongruent, as well as expanding into relevant new categories that reflect our brand and signature attributes of comfortable, casual and affordable. We will continue to use licenses and strategic partnerships as appropriate to expand our product categories.

- Our **Fashion Bag and Accessories** business continues to be our largest opportunity and allows us to highlight our innovation, function and fashion. Both patterns and solids are important in this category.
- **Travel** remains a core differentiator for Vera Bradley and allows us to both embrace our heritage and to showcase newness and functionality with products like Lighten Up and our unique collapsible luggage.
- Our **Campus** business, including backpacks, has been successful, and we believe there are further opportunities to help expand our Campus authority going forward.

- We believe **Home** can continue to be a significant growth opportunity for Vera Bradley, with market attractiveness and a great brand fit. The Day Maker's fashion statement is often her home. Licensing will continue to play a key role in the home area.

In each of these areas, fabric, pattern innovation and newness remain critical in order to stay relevant.

Vera Bradley's Sustainability Journey

Vera Bradley's trademark products, cotton quilted bags, have been made of natural cotton from the beginning. The Company's more formal sustainable efforts have been an evolving process over the last several years, taking major shape in 2015 with the formation of its Shear Responsibility Committee and by joining the Sustainable Apparel Coalition.

Formation of Committee

Vera Bradley's Sustainability Committee, Shear Responsibility, was founded in 2015 to look at ways the Company could be more environmentally conscious and sustainable in its business practices and day-to-day operations. The committee is comprised of individuals across the Company from a wide variety of areas and functions who have a passion for the topic. One of the first areas of focus for the committee was to understand what the best corporate stewards were doing with regard to sustainability, which led us to the Sustainable Apparel Coalition (SAC).

SAC Membership

Vera Bradley joined the Sustainable Apparel Coalition (SAC) in 2016. The Sustainable Apparel Coalition is the apparel, footwear and textile industry's leading alliance for sustainable production and is comprised of over 200 global members across multiple sectors. The Coalition developed the Higg Index, a set of standardized supply chain measurement tools for all industry participants.

The Higg Index includes facility, brand and product tools that measure environmental and social labor impacts across the supply chain. With the Higg Index, the industry is addressing inefficiencies, resolving damaging practices and working to achieve the environmental and social transparency consumers are demanding. By joining forces, we are addressing the urgent, systemic challenges that are impossible to change alone.

The Company believes membership in the SAC and utilization of the Higg Index to be important ways to benchmark itself against other companies, measure its current sustainability efforts and work to improve where opportunities are identified.

The Higg Index was "Developed by the Sustainable Apparel Coalition ... [and] is a suite of tools that enables brands, retailers and facilities of all sizes — at every stage in their sustainability journey — to accurately measure and score a company or product's sustainability performance. The Higg Index delivers a holistic overview that empowers businesses to make meaningful improvements that protect the well-being of factory workers, local communities and the environment." (Taken from <https://apparelcoalition.org/the-higg-index/>)

Corporate Responsibility Stance

“Vera Bradley has nurtured and promoted a culture of inclusion and fairness since its founding more than 35 years ago. We are steadfastly committed to equal employment opportunities for all, and we adhere to the same standards as it relates to our customers, suppliers and anyone with whom we do business. Our goal remains to provide the same high level of service to everyone that shops with us regardless of age, race, sexual orientation, religion or political party.” –Rob Wallstrom, CEO, Vera Bradley

Our influence doesn't stop at beautiful bags. Vera Bradley is dedicated to lending a hand, being a supporter of our communities and advocating for responsible product production. We are committed to a future with sustainable and environmentally safe business practices, and we will craft safe, supportive and accepting workplaces both home and abroad.

That's why we started our Shear Responsibility Committee, which is dedicated to corporate responsibility both in the sustainability of our products and practices, and in empowering and supporting our communities. Through this committee, we will continue to support sustainable practices and look for new ways to improve upon what we do every day.

Human Rights, Code of Conduct, Risk Management and Good Governance

Vera Bradley is committed to doing the right thing and acting ethically and appropriately. We believe that credibility, integrity and trustworthiness, along with our core values, are critical components of the current and future success of our business. Our Conflict of Interest and Business Ethics Policy is intended to help uphold high ethical standards in all of our operations by promoting ethical conduct and compliance with applicable laws, rules, regulations and standards. Vera Bradley recognizes that no code of ethics can replace the thoughtful behavior of an ethical director or employee, but such a Code can provide guidance to help recognize and deal with ethical issues and to foster a culture of accountability.

Vera Bradley also utilizes an independent Board of Directors to instill governance and independence of the Company and help ensure that high ethical standards are utilized in the operation of the Business. The Board has put into place the Code of Conduct, Conflict of Interest and Business Ethics Policy, Corporate Governance Guidelines and other similar tools to aid in achieving its goal of integrity and high ethical behavior.

Our Board of Directors has and exercises ultimate oversight responsibility with respect to enterprise risk assessment and to the management of the strategic, operational, financial and legal risks facing our Company and its operations and financial condition. The Board is involved in setting our business and financial strategies and establishing what constitutes the appropriate level of risk for us and our business segments. Various committees of the Board provide assistance to the Board in its oversight of, among other things, risk assessment and risk management. The Board also monitors the process by which risk assessment and management is developed and implemented by management and reported to the full Board.

Our Audit Committee assists the Board in its oversight of our policies relating to risk assessment and risk management generally, with particular focus on our management of major financial risk exposures. Our Compensation Committee assists the Board in assessing the nature and degree of risk that may be created by our compensation policies and practices to ensure both their appropriateness in terms of the level of risk-taking and consistency with our business strategies.

Engaging Stakeholders

Vera Bradley believes that it is critical to engage its different stakeholders in order to understand their views, values and ideas and design a more responsible environment for all involved. We seek to engage and have open dialogue with our customers, associates, retailers, shareholders and other partners. Some of these efforts include:

Customers: Vera Bradley cares deeply about its customers and their thoughts and opinions. In that spirit, we have set up various feedback mechanisms to engage in meaningful two-way communication with our customers. Whether it is our Customer Service Contact Center located at our Corporate Headquarters in Fort Wayne, Indiana, where customers can call in and directly discuss issues with our representatives, or our email, social media or text message platforms that enable our customers to share and engage with us, we are interested in knowing what our customers have to say. We also believe it is important to dig deep to try to learn as much as we can. To accomplish this, we conduct surveys, focus groups and more in-depth customer discussions on important issues utilizing independent third parties; this allows us to gain more information on overall customer satisfaction, our products and our marketing.

Associates: The Company utilizes a recognized independent third-party company to conduct an annual Associate Engagement Survey to measure the level of engagement and satisfaction that all of our Associates have with the Company and with their jobs. The survey is able to measure on multiple fronts the satisfaction with different areas and provide a road map for improvement. The survey is completely anonymous and allows our team members to voice any concerns or suggestions for improvement. On a quarterly basis, the Company communicates with its associates through all-Company Town Hall meetings. The meetings allow a platform for the Company to share important information, as well as to have a little fun (one of the pillars of our corporate culture). Associates are also provided a forum to make suggestions to or ask questions of our CEO, Rob Wallstrom, either in-person or anonymously.

Retailers: The Company has grown and thrived over the past 35-plus years thanks to its retail partners. We believe our partners' feedback and input is critical to our success. That is why the Company solicits feedback both generally and through its Retail Advisory Board ("RAB"). The RAB is a group of retailers that sell the Company's products and meets on a quarterly basis to share ideas, feedback and learn about what is happening with the Brand. We are grateful to our retail partners and how they have been an important part of our heritage, as well as helping to shape our future.

Shareholders: Shareholder engagement is another area of focus for the Company. Throughout the year, the Company's senior management meets with shareholders and analysts to discuss the Company and to field questions or suggestions they may have. The Company also speaks at several investor conferences throughout the year.

Other Partners: The Company has regular conversations with its licensing partners, vendors, suppliers and retailers regarding Company performance and initiatives. In fact, once a year the Company holds a partners' summit where it invites key partners to its corporate campus to learn about what is happening at the Company. This also provides the opportunity for the Company to learn from its partners and solicit feedback and suggestions about how to improve. In addition, on a regular basis the Company holds a global vendor summit to exchange ideas with its suppliers on important business practices and developments, as well as on sustainability and responsible sourcing.

Community Involvement: The Company strongly believes that it needs to be actively involved in the community and support charitable and non-profit causes both through its time and treasure. That is why it encourages its associates to be actively involved in giving back to the community and allows associates paid time off to volunteer. A cause the Company holds especially dear is the non-profit organization founded in its name: the Vera Bradley Foundation for Breast Cancer.

The Vera Bradley Foundation for Breast Cancer

The Vera Bradley Foundation for Breast Cancer is a 501(c)(3) non-profit fundraising organization based in Fort Wayne, Indiana, at the Vera Bradley headquarters. Moved by the loss of their dear friend, Mary Sloan, Vera Bradley co-founders Barbara Bradley Baekgaard and Patricia R. Miller embraced the cause and began supporting breast cancer research. To date, the Vera Bradley Foundation has donated over \$32.5 million to support critical advancements in breast cancer research!

Events are a cornerstone of the Foundation's fundraising. The annual Vera Bradley Foundation for Breast Cancer Classic is the largest amateur women's golf and tennis charity tournament in the country. More than 2,500 guests, players and volunteers participate in six divisions of tennis and four golf tournaments held at three separate clubs. Tickled Pink, another annual Foundation event, unites more than 500 Vera Bradley enthusiasts every year for a behind-the-scenes brand experience. In addition to Foundation-led events, individual donations, dedicated friends, Vera Bradley retail partners and other committed supporters nationwide host their own events in a variety of ways to invite more contributors to help.

The Vera Bradley Foundation for Breast Cancer is focused solely on investing in breast cancer research. Currently, the Foundation funds research at the Vera Bradley Foundation Center for Breast Cancer Research at the Indiana University School of Medicine in Indianapolis, Indiana. Knowing that cancer will not be cured in a vacuum, members of the Center's team are well known worldwide for their collaborative approach. It's this sharing of information, talents and resources that will accelerate the pace of research.

Research Driven

At-a-glance summary of how the Vera Bradley Foundation directs the allocation of its donations to the Indiana University School of Medicine.

Four Vera Bradley Foundation Chairs

- Vera Bradley Chair in Oncology
- Vera Bradley Foundation Chair in Breast Cancer Innovation
- Vera Bradley Foundation Chair in Breast Cancer Discovery
- Vera Bradley Foundation Chair in Breast Cancer Research

Funding of these specific chairs allows for the expansion of expertise in the Vera Bradley Foundation Center for Breast Cancer Research at the Indiana University School of Medicine.

15%

Monogrammed Medicine

Exclusive to the Vera Bradley Foundation, these funds support research focused on minimizing the toxicity of treatment while maximizing effectiveness.

28%

Vera Bradley Foundation Scholars

Post-doctoral fellows who are training with members of the breast cancer research program are provided with specific funding to pursue breast cancer research projects, including those that support monogrammed medicine.

9%

Vera Bradley Foundation for Breast Cancer Research Laboratories

New project funding is provided for researchers all with a single focus:
better outcomes for patients.

48%

One of the other successful initiatives of the Foundation is its “round up at the register” program, which allows customers who visit Vera Bradley retail stores or purchase online at verabradley.com to round up their total to the nearest dollar and donate those proceeds to the Foundation. In addition, Vera Bradley also has a matching gifts program, wherein part of the donations received from the round-up program are matched by the Company. With its round up at the register and matching programs, the Company has raised millions of dollars for breast cancer research since the Foundation’s inception.

Since the Foundation was formed in 1998, funds raised have been given to the Indiana University School of Medicine in Indianapolis, Indiana. We are proud of the advancements that have been made in breast cancer research since we began raising funds in 1993. The Foundation has been able to support the pioneering of several breast cancer treatments, including monogrammed medicine and improved treatment for triple-negative breast cancer patients. Yet, there is still a long way to go, and Vera Bradley is dedicated to eradicating breast cancer as a life-threatening disease.

Supply Chain – Core Value: Tenacity

At the heart of Vera Bradley's sustainability strategy is our supply chain. The Company is committed to continuing sustainability conversations with our suppliers in efforts to make improvements along our supply chain.

Responsible Sourcing

Vera Bradley is committed to making an impact in the areas we conduct our operations overseas. Before onboarding a supplier, research is done on the supplier's involvement with the local community. For example, one of our suppliers has established a school for factory workers' families, and several suppliers have set up housing for their employees in need. Additional suppliers are working to build similar infrastructures in their own communities.

Vera Bradley's commitment to integrity, human rights and social responsibility extends to its global supply base. We are working to ensure that forced child and adult labor does not find its way into our products and that appropriate health, safety and pay standards are followed for the suppliers who manufacture our products. Vera Bradley has a comprehensive audit process that is utilized to ensure its suppliers do not use child or forced labor, and otherwise follow local laws on health, safety and pay for those they employ.

We are aware of reports documenting the systemic use of forced child and adult labor in the harvest of cotton in Uzbekistan. We stand in firm opposition to the use of forced child and adult labor in the harvest of Uzbek cotton. Vera Bradley will not knowingly source Uzbek cotton for the manufacturing of any of its products until the government of Uzbekistan ends the practice of forced child and adult labor in its cotton sector. Until the International Labor Organization independently verifies the elimination of this practice, we will maintain this pledge. It is also our expectation that our suppliers will not knowingly source cotton from Uzbekistan and that they will make an effort to communicate our concern for this issue throughout the supply chain.

Similarly, Vera Bradley believes that it should not, through its sourcing practices, finance or benefit armed groups in conflict torn areas. In accordance with the execution of this policy, it is our expectation that our suppliers will not knowingly source materials from areas that directly, or indirectly, finance or benefit armed groups.

After joining the SAC, the Vera Bradley Sustainability Committee studied the Higg Index, utilizing the SAC Brand Module as a guideline to develop several projects to address business sustainability and environmental impact.

Sustainable Apparel Coalition

- Vera Bradley fully met the SAC's Facility Adoption requirements in 2017.
- Vera Bradley facilities were required to register with the Higg Index and to fill out a Facilities Environmental Module for each producing factory.

Transportation and Packaging

- The transportation logistics team adopted paperless invoice documentation, equating to 56 trees saved.
- The Company implemented Micro Pak recyclable PE sheets, which eliminated approximately 60 million desiccant (Silica gel) packs from our products/package over the last two years.
- The operations / CI team implemented an automated returns program via vb.com. Efficiencies gained as a result equates to 342 trees saved on an annual basis and energy conservation of 7,800 (approximately \$1,000) kW-hr annualized.

Community Support – Core Values: Kindness & Thoughtfulness

Vera Bradley is dedicated to serving the communities in which we do business. Whether helping organizations near our hometown of Fort Wayne, Indiana, supporting the Vera Bradley Foundation for Breast Cancer, or aiding the communities near our retail stores and factories, we strive to make the world around us a more beautiful and colorful place.

In 2017, the Company donated almost 1,000 Vera Bradley product gift sets to organizations for fundraising purposes. This includes many of the organizations we regularly support, such as programs in arts and culture, community, health and human services, women's programs and children's programs.

In addition to donating handbags, the Company has also made significant financial contributions to philanthropic and community programs that align with our core values. In addition to the Vera Bradley Foundation, we sponsor and are involved in over 40 not-for-profit organizations in Northeast Indiana. These organizations are varied and include arts and culture, community, health and human services, women's programs, and children's programs. A few organizations the Company supports include:

- Gigi's Playhouse
- Mad Anthony Children's Hope House
- United Way of Allen County
- Charis House of Fort Wayne
- Hearten House of Dekalb County
- Community Harvest Food Bank
- Habitat for Humanity

Donating product and making donations is not where Vera Bradley's philanthropic efforts end. The Company offers eight hours of Volunteer Time Off to each associate each year. Associates may use these eight hours to take time off work to volunteer for the cause of his or her choice. This year alone, our associates have donated hundreds of hours to different causes. Some spent time helping "Turn the Town Pink" with the Vera Bradley Foundation for Breast Cancer in Fort Wayne, while others helped during the United Way of Allen County's annual "Day of Caring." Still others took time to help organizations like Habitat for Humanity or our local Feeding America food bank. Regardless of where they volunteer, our associates are passionate about making a difference.

Not only do we love engaging with the community, we also enjoy partnering with our indirect sales partners. Last year, we were honored with the Supplier of the Century award at the 66th annual Retailer Excellence Awards celebration hosted by *Gifts and Decorative Accessories* magazine. "The entire Vera Bradley team is thrilled and humbled to receive this special honor," said Robert Wallstrom, CEO of Vera Bradley. "We are extremely glad we have been, and continue to be, a part of this amazing industry. It is so rewarding to be recognized not only for our legacy that began 35 years ago as the brainchild of Barbara Bradley Baekgaard and Patricia Miller, but also for what the Vera Bradley team has built since then. We are excited about what the future holds and look forward to the next 35 years."

Employee Engagement – Core Value: Empathy

Vera Bradley recognizes the fundamental importance of its people. Collectively, the organization's success is built upon the unique value of each person's contributions. The Company believes that its leadership culture is the fuel that will power performance through our people. When each Associate wins, we all win. Everyone, no matter their role in the organization, has the ability to lead by example and influence others in a positive way that ultimately provides meaningful value to our associates and to Vera Bradley's success.

Leaders drive results through people with humility and respect. Leaders by Design, a program implemented in 2017, is about all leaders being committed to living Vera Bradley's values. The principals of Leaders by Design are as follows:

WE ARE ALL LEADERS.

Leadership is our ability to influence those around us. Regardless of your role or function, leadership is everyone's business.

WE ARE INTENTIONAL.

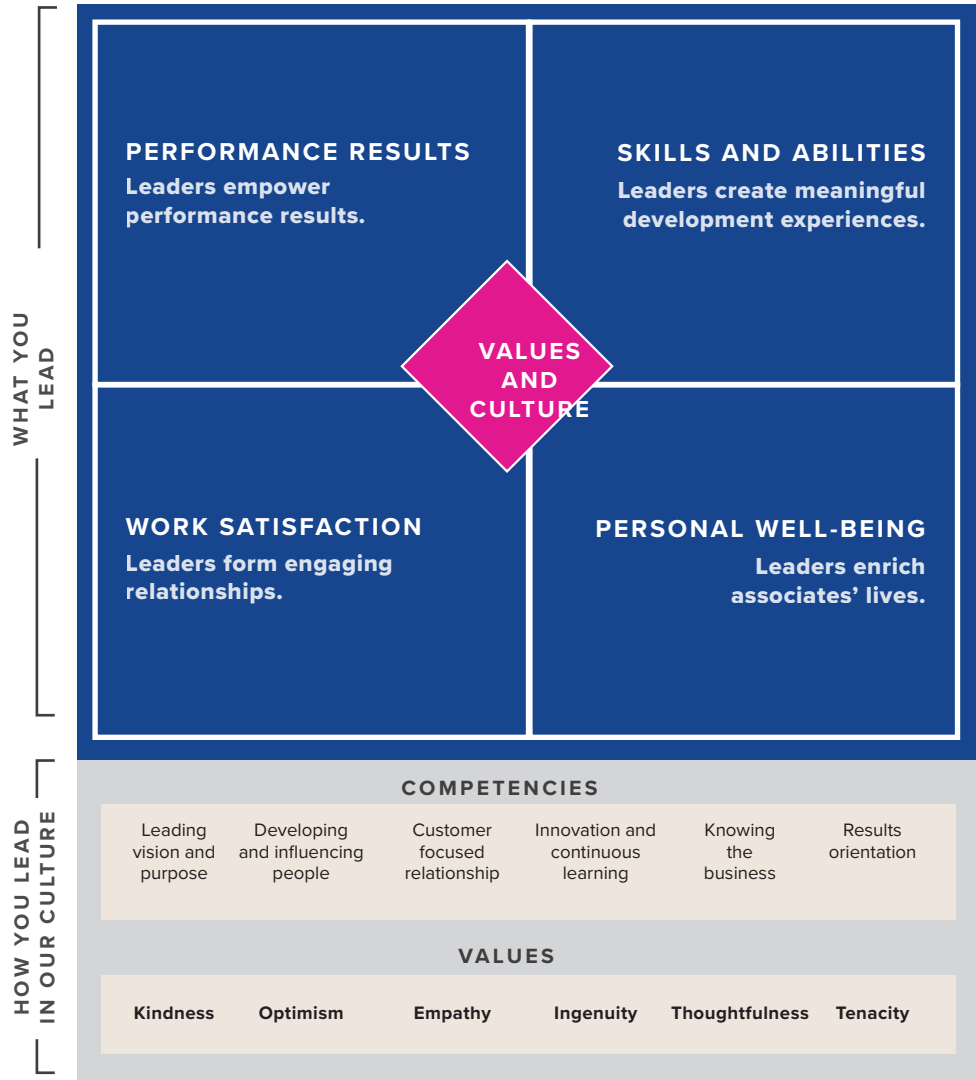
Leadership doesn't just happen by accident — it's a part of everything you say and do. A good leader is self-aware; knowing your strengths and blind spots means you can improve and elevate your leadership brand.

WE CREATE VALUE.

Leadership is about creating value through and with people. When we do this, we create value and results for the company, customers, shareholders — all.

Leaders care about the well-being of each other both professionally and personally and work to create value in the lives of our customers and associates.

Leaders by Design is a long-term, sustained effort to help our Associates grow as leaders, engage them in new ways, recognize their talents and maximize their potential. By focusing on the whole leader and different aspects of leadership, we are able to develop those skills and competencies that can enrich our associates' lives and drive better performance and results.



Our Leaders by Design program has many facets to develop and grow our leaders, including formal training programs, mentorship programs, job shadowing and career development. Through Leaders by Design, the Company aspires to achieve the following results:

**We'll notice more meaningful
conversations with one another.**

**All associates will be able to
communicate the unique
value they bring.**

**We'll notice empowered
and engaged teams.**

**We'll be known in our industry
as an employer of choice.**

A Life Well Lived

Vera Bradley's Leaders by Design leadership model places a focus on the whole person, where an associate's well-being and job satisfaction are valued equally along with their skills, abilities and performance results. As a company, we have taken a holistic approach to wellness with our program, A Life Well Lived, which launched in 2017. Our holistic approach to wellness has five components of well-being: Financial, Career, Social, Community and Physical. Within each of these components, we have identified resources and programs (most at little to no cost to Associates) that are available to help Associates excel in both their personal and professional life and maintain a healthy work/life balance.



A LIFE WELL LIVED

CAREER



Liking what you do each day and being motivated to achieve your career and person development goal

SOCIAL



Having positive and supportive relationships and interactions with family, friends and co-workers

FINANCIAL



Managing your economic life to reduce stress and increase security

PHYSICAL



Having good health, a safe environment and energy to do the things you want to do in life

COMMUNITY



Being an active member of and having pride in your community

Corporate Initiatives – Core Values: Ingenuity & Optimism

As we strive to become a more sustainable company, we believe the first step is making our Company headquarters more sustainability-focused. In the past year we have implemented several initiatives at our headquarters to encourage associates to be more “green” and to foster a more sustainable mindset.

At our Design Center:

- The Shear Responsibility Committee worked with our Facilities team to eliminate Styrofoam in our café and instead offer biodegradable to-go containers for food. We also began encouraging Associates to use plates and silverware to limit the amount of disposable containers ending up in landfills.
- Our Facilities and Information Technology teams collaborated with a third-party vendor to set up an electronics recycling day for associates.
- Our Facilities team reduced the amount of time lights stay on if there is no activity in a specific area of the building, lowering lighting energy consumption.
- Our Facilities team also implemented an “unoccupied state” to reduce HVAC energy consumption.

At our Distribution Center:

- We reduced a portion of plastic bag usage in our shipping activities.
- We diverted beauty products from ending up in the landfill by partnering with local organizations and donating the goods to those in need.

At our Retail Stores:

- Our Facilities team installed smart thermostats and implemented practices to reduce energy consumption, including ensuring doors remained closed.
- The Company has also undertaken an extensive campaign to replace its store and corporate lighting with high efficiency LED lighting to further reduce energy consumption.

Forward Thinking

The Company recognizes that improving sustainability and upholding social responsibility is an ongoing effort and challenges itself to continue to make improvements within the organization. Some of our initiatives for 2018 include:

- Continued conversion to High Efficiency LED bulbs
- A reduction of packaging material usage to reduce overall waste
- Improving water consumption at mill production
- Elimination of reusable cups in our home office
- Creating a Company packaging restricted substance list
- Encouraging factory partnerships to focus on the well-being of women workers and their children in our supply chain

We look forward to implementing these initiatives and continuing to work toward a more sustainable future.